



# VALOR RESOURCES

## DECEMBER 2017 QUARTERLY ACTIVITIES REPORT

Valor Resources Limited ('VAL' or the 'Company', ASX: VAL) is pleased to provide its report for the quarter ended 31 December 2017.

### Highlights:

- **Completed drill program at flagship Berenguela project – 66 holes for 9,570 metres providing significant intercepts**
- **Substantial increase in JORC Mineral Resources Estimate for Berenguela project during and subsequent to quarter**
- **Drilling results yield extraordinary Cu intercepts including; 11m at 1.96% Cu, 23m at 1.39% Cu and 39m at 1.01% Cu**
- **Consistent Ag mineralisation confirmed across the deposit. High grade silver intercepts, including; 3m 798.7 g/t Ag, 6m at 637.33 g/t Ag, 6m at 251.65 g/t Ag and 10, at 231.72 g/t Ag**
- **Surface sampling program completed to test large outcrop formations at surface – results expected near term**

### MANAGEMENT COMMENTARY

Valor Chairman, Mark Sumner, said: "The second quarter was a period of significant progress for the Company where we added considerable value to our flagship Berenguela project.

"We've achieved a number of important milestones, including the completion of a highly successful drill program delivering the highest grade results ever seen at Berenguela, a significant increase in our JORC resource estimate, the completion of a surface sampling program to identify additional drill targets and a heavily oversubscribed capital raise to new institutional and sophisticated investors.

"We look to continue this momentum into 2018 by providing an update to the project scoping study, commencing a follow on drill campaign at Berenguela and push towards a project feasibility study by the end of financial year.

"We also look forward to updating the market on the results of the recently completed surface sampling program as they become available. Initial results are most encouraging and give us further confidence that Berenguela is shaping up to be a very large Peruvian copper play."

### ASX Release

30 January 2018

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## BERENGUELA PROJECT DRILLING PROGRAM & UPDATED JORC ESTIMATE

During November 2017, the Company completed a highly successful drill program at the Berenguela project. The campaign included 66 drill holes for a total of 9,570 metres, targeting depths between 100 and 200 metres focusing primarily on the Berenguela central deposit area, with select drill holes targeting mineralisation outside of the area current Inferred Resource shell.

The program provided a number of significant intercepts, including some of the highest ever delivered at the Berenguela project. The final drilling program consisted of a total of 69 holes for a total of 9,109 meters. The drill holes are spaced on 35m x 35m grid and were performed from 20 platforms (BEP-001, BEP-002, BEP-003, BEP-005, BEP-006, BEP-007, BEP-008, BEP-021, BEP-022, BEP-023, BEP-024, BEP-025, BEP-029, BEP-031, BEP-032).

As announced 9 November 2017, the Company was pleased to finalise the program and report additional high grade intercepts, demonstrating more high quality copper and silver mineralization at the Berenguela project.

Key drilling intercepts included:

### BEP-002 – BER265

- **6 m @ 1.21% Cu + 637.33 g/t Ag + 16.99% Mn + 0.89% Zn (from 3m). 4.61%CuEq; and**
- **39 m @ 1.01% Cu + 131.27 g/t Ag + 11.52% Mn + 0.41% Zn (from 36m). 1.81%CuEq, including:**
  - 10 m @ 0.67% Cu + 231.72 g/t Ag + 18.35% Mn + 0.59% Zn (from 48m). 2.02% CuEq, and
  - 14 m @ 1.73% Cu + 155.64 g/t Ag + 16.20% Mn + 0.57% Zn (from 61 m). 2.72% CuEq.

### BEP-002 – BER266

- **10 m @ 0.96% Cu + 229.19 g/t Ag + 11.35% Mn + 0.46% Zn (from 0m). 2.42% CuEq; and**
- **30 m @ 0.95% Cu + 80.76 g/t Ag + 12.43% Mn + 0.32% Zn (from 50m). 1.47% CuEq, including:**
  - 14 m @ 0.93% Cu + 139.52 g/t Ag + 16.69% Mn + 0.45% Zn (from 50m). 1.79% CuEq.

### BEP-005 – BER287

- **23 m @ 1.39% Cu + 76.25 g/t Ag + 8.58% Mn + 0.63% Zn (from 0m). 2.03% CuEq, including:**
  - 4 m @ 1.21% Cu + 105.98 g/t Ag + 15.33% Mn + 0.62% Zn (from 0m). 1.99% CuEq; and
  - 11 m @ 1.96% Cu + 77.85 g/t Ag + 8.28% Mn + 0.67% Zn (from 9m). 2.63% CuEq.

### BEP-005 – BER254

- **53 m @ 0.89% Cu + 70.49 g/t Ag + 6.85% Mn + 0.42% Zn (from 0m). 1.41% CuEq; including:**
  - 17m @ 1.27% Cu + 116.74 g/t Ag + 10.15% Mn + 0.57% Zn (from 7m). 2.08% CuEq; and
- **24 m @ 0.69 % Cu + 153.52 g/t Ag + 4.68% Mn + 0.32% Zn (from 62m), 1.56% CuEq including:**
  - 3 m @ 0.76% Cu + 798.67 g/t Ag + 4.49% Mn + 0.36% Zn (from 83m). 4.69% CuEq.

### BEP-005 – BER253

- **43 m @ 0.89% Cu + 66.61 g/t Ag + 6.27% Mn + 0.39% Zn (from 0m), including:**
  - 5 m @ 1.55% Cu + 110.86 g/t Ag + 17.92% Mn + 0.40% Zn (from 0m). 2.25% CuEq; and
  - 12 m @ 1.22% Cu + 85.08 g/t Ag + 6.58% Mn + 0.49% Zn (from 9m). 1.84% CuEq.

As well, on 18 October 2017, the Company announced a significant update to the JORC Resource Estimate for the Berenguela project. Further to this and subsequent to the end of the quarter, the Company announced an additional increase to the JORC Resource Estimate at Berenguela.

As outlined in the ASX announcements released on 9 January 2018 and 30 January 2018, the Company was pleased to advise an 80% overall increase in total resources, including a 37% increase in total contained copper and 37% increase in total contained silver to approximately 127 million ounces Ag. Further, the company outlined a 45% increase in total contained zinc to approximately 286 million pounds Zn.

The revised estimates are a result of the Company's highly successful drill campaign, which will continue during 2018.

## CORPORATE

As announced on 19 September 2017, the Company was pleased to receive firm commitments from sophisticated and institutional investors to raise \$3.125m (before costs) at \$0.025 per share ('the Placement'). The Placement was heavily oversubscribed with strong support from a range of new and existing shareholders.

It is intended that the funds from the Placement be used to continue advancing the work program at the Berenguela Project and working capital purposes.

The new shares under the Placement were placed using the Company's existing 15% placement capacity under ASX Listing Rule 7.1 during the quarter on 2 October 2017.

On 16 November 2017, the Company announced the establishment of a share sale facility for holders of fully paid ordinary shares valued at less than \$500. A marketable parcel of shares is considered to be a holding that has a market value of over \$500. As at the market close on 15 November 2017 (Record Date) the Directors determined an unmarketable parcel of shares is any shareholding of less than 20,833 fully paid ordinary shares (Unmarketable Parcel) based on a price of \$0.024 per share, being the closing price of shares on the Australian Securities Exchange on Record Date. Refer to ASX Announcements 'Notice - Sale of Unmarketable Parcels' dated 16 November 2017 and 'Second Notice - Sale of Unmarketable Parcels' dated 11 January 2018 for further information regarding the facility and key dates.

Further, the Company held its Annual General Meeting on 30 November 2017 and all resolutions were passed on a show of hands. Refer to ASX Announcement dated 30 November 2017 titled Results of Annual General Meeting.

During the period, Ms. Kelly Moore resigned as Joint Company Secretary on 22 December 2017. Ms. Paula Smith (née Cowan) will continue in the role as Company Secretary, in addition to her role as Non-Executive Director.

The Company confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and the technical parameters underpinning the JORC Resources Estimate continue to apply and have not materially changed.

### Updated JORC (2012) Resource Table January 2018

Cut Off Grade	Class	Tonnes	Ag g/t	Cu %	Mn %	Zn %	CuEq
1.05% CuEq	Measured	5,749,988	124.04	1.164	10.253	0.375	1.89
	Indicated	15,676,533	111.93	0.938	7.017	0.376	1.61
	<b>Med + Ind</b>	<b>21,426,521</b>	<b>115.18</b>	<b>0.999</b>	<b>7.886</b>	<b>0.376</b>	<b>1.69</b>
	Inferred	4,396,298	140.40	0.983	3.095	0.241	1.73
	<b>Total</b>	<b>25,822,820</b>	<b>119.48</b>	<b>0.996</b>	<b>7.070</b>	<b>0.353</b>	<b>1.69</b>
	<b>Class</b>	<b>Tonnes</b>	<b>Ag g/t</b>	<b>Cu %</b>	<b>Mn %</b>	<b>Zn %</b>	<b>CuEq</b>
0.75% CuEq	Measured	6,903,420	111.66	1.062	9.314	0.352	1.72
	Indicated	22,354,464	92.38	0.828	5.895	0.329	1.39
	<b>Med + Ind</b>	<b>29,257,883</b>	<b>96.93</b>	<b>0.884</b>	<b>6.702</b>	<b>0.334</b>	<b>1.47</b>
	Inferred	6,720,752	111.88	0.825	2.604	0.219	1.43
	<b>Total</b>	<b>35,978,635</b>	<b>99.72</b>	<b>0.873</b>	<b>5.937</b>	<b>0.313</b>	<b>1.46</b>
	<b>Class</b>	<b>Tonnes</b>	<b>Ag g/t</b>	<b>Cu %</b>	<b>Mn %</b>	<b>Zn %</b>	<b>CuEq</b>
0.50 CuEq	Measured	7,706,610	103.79	0.989	8.676	0.335	1.61
	Indicated	28,226,128	80.45	0.734	5.161	0.296	1.23
	<b>Med + Ind</b>	<b>35,932,737</b>	<b>85.46</b>	<b>0.788</b>	<b>5.915</b>	<b>0.304</b>	<b>1.31</b>
	Inferred	9,972,535	87.90	0.670	2.145	0.203	1.16
	<b>Total</b>	<b>45,905,272</b>	<b>85.99</b>	<b>0.763</b>	<b>5.096</b>	<b>0.282</b>	<b>1.28</b>

## Copper Equivalent Calculations & Recoveries Assumptions

The calculation formula used to calculate the reported Copper Equivalent (CuEq %) is as follows:

$$\text{Cu Eq (\%)} = \text{Cu G (\%)} + ((\text{Ag G} / 10000) \times \text{Ag P} \times \text{C} \times \text{ReAg}) / (\text{Cu P} \times \text{ReCu}) + (\text{Zn\%} \times \text{Zn P} \times \text{ReZn}) / (\text{Cu P} \times \text{ReCu})$$

### Equation Key:

Cu G = Copper grade %

Ag G = Silver grade in g/t

Ag P = Silver price in USD per troy ounce: US\$17.23

C = Conversion of tonnes to ounces, 1 tonne =  $10^6/31.1035=32150.7465$  ounces

ReAg = Expected recovery of silver = 50%

Cu P = Copper price at US\$7,202.00 per tonne

ReCu = Expected recovery of copper = 85%

Zn% = Zinc Grade %;

Zn P = Zinc price = US\$3,377.00 per tonne;

ReZn = Expected recovery of zinc = 80%

See Table 1 for further information on metals grades and drilling intervals.

The metals price assumptions were calculated using spot prices taken from the London Metals Exchange (LME) on Friday, 5th January 2018.

Metallurgical test work has been completed on multiple Berenguela ore samples by independent laboratories and consulting groups. Recovery rates are based on historical work conducted on Berenguela ore samples, as well as guidance from Valor's metallurgical consultants. Valor's metallurgists were consulted regarding the potential for Cu, Ag and Zn recovery based on historical metallurgical work in order to confirm Reasonable Prospects for Eventual Economic Extraction. A Quality Assurance-Quality Control (QAQC) analysis has been conducted to confirm mineralisation, which showed positive intervals. Based on historical metallurgical work and QAQC, it is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

### Competent Person's Statement

The technical information in this release is based on compiled and reviewed data by Mr. Marcelo Batelochi. Mr. Batelochi is an independent consultant with MB Geologia Ltda and is a Chartered Member of AusIMM – The Minerals Institute. Mr. Batelochi has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Batelochi consents to the inclusion in the report of the matters based on their information in the form and context in which it appears. Mr. Batelochi accepts responsibility for the accuracy of the statements disclosed in this release.

## Appendix 1 – Interests in Mining Tenements Held

Project	Tenement	Location	Ownership at beginning of quarter	Ownership at end of quarter	Acquired During the Quarter	Disposed of During the Quarter
Berenguela Project	13-000001Y03	Peru	100%	100%	-	-
	01-01116-09					
	01-01115-09					
	01-01341-09					
	01-01342-09					
	01-01344-09					
	01-01345-09					
	01-01340-09					
	01-01343-09					
	01-01289-97					
	01-01350-04					
Picha Project	01-03852-05	Peru	100%	100%	-	-
	01-03853-05					
	01-03854-05					
	01-00578-07					
	01-04638-08					

## Appendix 2 - Summary of Expenditure Incurred per Project

Project	Quarter Cash Spend \$A'000
Berenguela Project	555
Picha Project	-
<b>Total</b>	<b>555</b>